

HERMÈS



General Meeting Friday 24 April 2020

ADDENDUM TO THE NOTICE OF MEETING

The impact in 2020 of the COVID-19 epidemic – the scale, length and geographic scope of which are changing daily – is currently difficult to assess. The craftsmanship model set up mainly on French territory, the balanced distribution network and its local customer base are all elements that contribute to the House's resilience. The economic and financial solidity of this model is enabling the Hermès Group to cope with the impact of the current and unprecedented public health crisis.

The Group remains highly involved and committed by regularly assessing the situation and adapting its procedures. As for the countries affected, the priority is the safety of all employees and their close families, in line with the measures taken by medical and public authorities.

To date, and believing that this epidemic and the ensuing disruption will have passed within a few months, we remain confident that our employees will then be able to return and reconnect with our customers once more.

Change in the proposed dividend

In this context, on proposal of the Executive Management, the Supervisory Board has decided to amend the proposed ordinary dividend to be submitted to the General Meeting of 24 April 2020, reducing the amount from €5.00 to €4.55 per share, identical to the amount paid in 2019.

Compensation of Executive Chairmen

The Executive Chairmen have decided to forego the increases in their gross annual fixed compensation paid in 2020 and their gross annual variable compensation awarded in 2020 in respect of 2019, and will therefore receive in 2020 a total compensation identical to that received in 2019.

The Management Board of Émile Hermès SARL, Active Partner, and the Supervisory Board of the Company took note of this waiver on 30 March 2020 and approved the following amended resolutions submitted to the General Meeting.

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FOURTH RESOLUTION [AMENDED]: ALLOCATION OF NET INCOME – DISTRIBUTION OF AN ORDINARY DIVIDEND*Purpose*

In the fourth resolution, we submit for your approval the allocation of net income for the period, in the amount of €1,653,070,003.69. Of this amount, the sum of €212,844.00 is to be allocated to the reserve for purchasing original works of art and, pursuant to the Articles of Association, €11,075,569.02 is to be distributed to the Active Partner.

We invite you to allocate €500,000,000.00 to other reserves. The Supervisory Board proposes that you set the ordinary dividend at €4.55 per share. The distribution would thus be identical to that of the previous year.

For the shareholder beneficiaries who are natural persons fiscally domiciled in France, this entire dividend will be subject to a single flat-rate withholding tax at the overall rate of 30%.

The latter will consist in the application of tax on the income paid as an interim payment (so-called flat-rate withholding tax) withheld at source at a single flat rate of 12.8% of gross revenue, to which will be added social security withholdings of 17.2%.

This flat-rate taxation at the single rate of 12.8% will be automatically applicable unless the progressive tax scale is opted for overall, allowing the taxpayer to benefit from the 40% tax allowance ¹.

For shareholders who are not fiscally domiciled in France, the dividend distributed is subject to withholding tax at source at one of the rates specified in Article 187 of the French General Tax Code (*Code général des impôts*), in accordance with Article 119 bis of said Code, which may be reduced in application of any tax agreement concluded between France and the State in which the beneficiary is fiscally resident.

As an interim dividend of €1.50 per share was paid on 5 March 2020, the balance of the ordinary dividend, i.e. €3.05 per share, will be detached from the share on 28 April 2020 and payable in cash on 30 April 2020 on the positions approved in the evening of 29 April 2020. As Hermès International is not entitled to receive dividends for shares held in treasury, the corresponding sums will be transferred to “Retained earnings” on the date the dividend becomes payable.

The gross dividend per share paid in respect of each of the three previous financial years is as follows:

In euros	Financial year		
	2018	2017	2016
“Ordinary” dividend	4.55	4.10	3.75
“Exceptional” dividend	-	5.00	-

We note that the five-year summary of the Company's financial data required under Article R. 225-102 of the French Commercial Code (*Code de commerce*) is presented on page 16 of the notice of meeting.

1. Within the scope of the single flat-rate withholding tax, taxpayers may opt, expressly and irrevocably before the deadline for the declaration and overall for all their income defined in Article 200 A 1 of the French General Tax Code (*Code général des impôts*), for their income to be taxed using the progressive income tax scale, in accordance with Article 200 A-2 of the French General Tax Code (*Code général des impôts*).

Fourth resolution:

Allocation of net income – Distribution of an ordinary dividend.

The General Meeting, acting under the quorum and majority requirements applicable to Ordinary General Meetings, noting that the profit for the year amounts to €1,653,070,003.69 and that the previous retained earnings amount to €1,426,416,865.23, and after noting that the legal reserve is fully funded, approves the allocation of these amounts, representing a distributable profit in the amount of €3,079,486,868.92, as proposed by the Supervisory Board, namely:

- ♦ to the reserve for purchasing original works of art, in the amount of €212,844.00;
- ♦ to the Active Partner, pursuant to Article 26 of the Articles of Association, in the amount of €11,075,569;
- ♦ an “ordinary” dividend to the shareholders of €4.55 per share, i.e.: €480,340,824.60 ¹;
- ♦ to other reserves in the amount of €500,000,000.00;
- ♦ the balance to the “Retained earnings” account, i.e. €2,087,857,631.30;
- ♦ **altogether €3,079,486,868.92.**

The Ordinary General Meeting resolves that the balance of the ordinary dividend for the period (an interim dividend of €1.50 per share was paid

on 5 March 2020), i.e. €3.05 per share, will be detached from the share on 28 April 2020 and payable in cash on 30 April 2020 on the positions approved in the evening of 29 April 2020.

As Hermès International is not entitled to receive dividends for shares held in treasury, the corresponding sums will be transferred to “Retained earnings” on the date the dividend becomes payable.

For the shareholder beneficiaries who are natural persons fiscally domiciled in France, this entire dividend will be subject to a single flat-rate withholding tax at the overall rate of 30%.

The latter will consist in the application of tax on the income paid as an interim payment (so-called flat-rate withholding tax) withheld at source at a single flat rate of 12.8% of gross revenue, to which will be added social security withholdings of 17.2%.

This flat-rate taxation at the single rate of 12.8% will be automatically applicable unless the progressive tax scale is opted for overall, allowing the taxpayer to benefit from the 40% tax allowance ².

For shareholders who are not fiscally domiciled in France, the dividend distributed is subject to withholding tax at source at one of the rates specified in Article 187 of the French General Tax Code (*Code général des impôts*), in accordance with Article 119 *bis* of said Code, which may be reduced in application of any tax agreement concluded between France and the State in which the beneficiary is fiscally resident.

In accordance with the provisions of Article 43 bis of the French General Tax Code (*Code général des impôts*), the General Meeting duly notes that dividends distributed to shareholders in respect of the three previous financial years were as follows:

In euros	Financial year		
	2018	2017	2016
“Ordinary” dividend	4.55	4.10	3.75
“Exceptional” dividend	-	5.00	-

1. The total amount of the distribution referred to above is calculated on the basis of the number of shares comprising the capital as of 31 December 2019, i.e. 105,569,412 shares, and may vary if the number of shares granting rights to a dividend changes between 1 January 2020 and the ex-dividend date, depending in particular on changes in the number of treasury shares, which are not entitled to the dividend in accordance with the provisions of Article L. 225 -210 paragraph 4 of the French Commercial Code (*Code de commerce*).
2. Within the scope of the single flat-rate withholding tax, taxpayers may opt, expressly and irrevocably before the deadline for the declaration and overall for all their income defined in Article 200 A 1 of the French General Tax Code (*Code général des impôts*), for their income to be taxed using the progressive income tax scale, in accordance with Article 200 A-2 of the French General Tax Code (*Code général des impôts*).

SEVENTH, EIGHTH, NINTH [AMENDED] AND TENTH RESOLUTIONS: APPROVAL OF TOTAL COMPENSATION AND BENEFITS OF ALL KINDS PAID DURING OR AWARDED IN RESPECT OF THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 TO THE CORPORATE OFFICERS (GLOBAL EX-POST VOTE), THE EXECUTIVE CHAIRMEN AND THE CHAIRMAN OF THE SUPERVISORY BOARD (INDIVIDUAL EX-POST VOTES)

Purpose

The new framework applicable to *sociétés en commandite par actions* (partnerships limited by shares) governing Senior Executive compensation, introduced by Order No. 2019-1234 of 27 November 2019, is set out in detail pages 33 et seq of the notice of meeting.

This mechanism provides for the Shareholders' General Meeting to vote each year on the total compensation and benefits of any kind paid during or awarded in respect of the financial year ended to the Corporate Officers (global ex-post vote), Executive Chairmen and Chairman of the Supervisory Board (individual ex-post votes).

However, from 2020, this variable compensation for the Executive Chairmen must be submitted to the approval of the General Meeting before its payment. Consequently, reference is made in the following tables to the amounts paid during the 2019 financial year (awarded in respect of the 2018 financial year) but also to the amounts awarded in 2020 in respect of financial year 2019.

Through the seventh to tenth resolutions, we request that you approve the total compensation and benefits of any kind paid to Corporate Officers during or awarded in respect of the financial year ended 31 December 2019 (*ex-post* votes).

These items are set out in the tables below, as follows:

Resolutions	Corporate Officers concerned
Global ex-post vote	
7 th (compensation and benefits paid to all Corporate Officers)	Executive Chairmen, Chairman and members of the Supervisory Board,
Individual ex-post votes	
8 th (compensation and benefits paid to Mr Axel Dumas)	Executive Chairman
9 th (compensation and benefits paid to Émile Hermès SARL)	Executive Chairman
10 th (compensation and benefits paid to Mr Éric de Seynes)	Chairman of the Supervisory Board

The Executive Chairmen have decided to forego the increases in their gross annual fixed compensation paid in 2020 and their annual gross variable compensation awarded in 2020 in respect of 2019, and will therefore receive in 2020 a total compensation identical to that received in 2019. This waiver took place after the filing of the universal registration document.

The Management Board of Emile Hermès Sarl, Active Partner, and the Supervisory Board of the Company took note of this waiver on 30 March 2020.

EXECUTIVE CHAIRMEN

Elements of compensation submitted to the vote

7th and 8th resolutions (global and individual ex-post votes): Mr Axel Dumas

		<p>In accordance with the new framework governing compensation of senior executives created by Order No. 2019-1234 of 27 November 2019, which comes into force for your Company as of the Combined General Meeting of 24 April 2020, these elements of compensation are subject to approval by the shareholders for the first time at said meeting, and as such have never been part of a compensation policy that is subject to an <i>ex-ante</i> vote by the shareholders.</p> <p>To the extent that the Executive Chairmen receive neither multi-year variable compensation nor deferred variable compensation, only the following elements are subject to a vote:</p> <ul style="list-style-type: none"> ♦ fixed compensation paid during the financial year 2019; ♦ variable compensation awarded in respect of the financial year 2018 paid during the financial year 2019; ♦ variable compensation awarded in respect of the financial year 2019 whose payment in 2020 is contingent on approval by shareholders; ♦ benefits of any kind. <p>All the compensation components set out below comply with the compensation policy for Executive Chairmen (see pages 33 to 40 of the notice of meeting).</p>
Gross annual fixed compensation 2019 (or “additional” compensation in accordance with the Articles of Association)	€1,623,378	<p>The General Meeting of 31 May 2001 decided to allocate to each Executive Chairman gross annual compensation, in addition to their statutory compensation, subject to a limit at the time of €457,347.05. This ceiling is indexed each year, in an upward direction only. Since 1 January 2002, this indexation is calculated according to the increase in the Company’s consolidated revenue for the previous financial year, at constant exchange rates and scope of consolidation, by comparison with revenue for the next to last financial year (€2,610,994 for 2019). Within the limits defined above, the Executive Management Board of Émile Hermès SARL, Active Partner, sets the effective amount of the annual additional compensation payable to each Executive Chairman, which is subject to the deliberation of the Supervisory Board.</p> <p>The fixed compensation of Mr Axel Dumas paid in 2019 was determined by the Executive Management Board on 19 March 2019.</p>
Annual gross variable compensation paid in 2019 in respect of 2018 (referred to as “statutory” compensation in accordance with the Articles of Association)	€1,780,045 (CSR criterion not applicable)	<p>The gross annual statutory compensation of each Executive Chairman for a given financial year, shall not be more than 0.20% of the Company’s consolidated income before tax (€4,159,330 for 2019) for the previous financial year.</p> <p>Within the maximum amounts set forth herein, the Executive Management Board of the Active Partner, Émile Hermès SARL, shall determine the effective amount of the annual statutory compensation of each Executive Chairman. Thus, no minimum statutory compensation is guaranteed for the Executive Chairmen.</p> <p>The gross annual variable compensation of Mr Axel Dumas allocated and paid in 2019 was determined by the Executive Management Board on 19 March 2019.</p>
Deferred variable compensation	n/a	The principle of the allocation of deferred variable compensation is not provided for.
Multi-year variable compensation	n/a	No multi-year compensation arrangement was implemented in 2019.
Exceptional compensation	n/a	The principle of such compensation is not provided for.
Share options, performance-based shares or any other element of long-term compensation (IFRS valuation at the allocation date)	Stock options: n/a Performance-based shares: n/a Other elements: n/a	No stock option or performance-based share plans benefiting the Executive Chairmen were implemented during or in respect of the 2019 financial year.
Compensation for assumption of duties	n/a	No such commitment exists.

**Elements of compensation
submitted to the vote**

Severance payment	€0	<p>The Company has pledged to pay Mr Axel Dumas compensation in an amount equal to 24 months of total compensation (statutory compensation and additional compensation) in case of termination of his appointment as Executive Chairman (decision taken by the Supervisory Board on 4 June 2013 and approved by the General Meeting of 3 June 2014 – tenth resolution “Approval of the commitments due to Mr Axel Dumas on termination of his appointment as Executive Chairman”).</p> <p>The payment of a severance payment is subject to the termination of duties as Executive Chairman resulting:</p> <ul style="list-style-type: none"> ♦ either from a decision taken by Mr Axel Dumas by reason of a change of control over the Company, a change in the Executive Chairman of Émile Hermès SARL, which is an Executive Chairman of the Company, or a change in the Company’s strategy; or ♦ from a decision taken by the Company. <p>Moreover, the payment of such compensation is also subject to the following performance conditions, such that the conditions of his departure are in equilibrium with the situation of the Company: achieving budget targets in at least four out of the five previous financial years (with revenue and operating income growth measured at constant rates), without deterioration in the Hermès brand image.</p> <p>Given the importance of the Active Partner’s role in a <i>société en commandite par actions</i> (partnerships limited by <i>shares</i>) – including the power to appoint and dismiss any Executive Chairman – and, in the case of a legal entity, its legal representative, it was decided that any termination of Mr Axel Dumas’ duties as Executive Chairman resulting from the replacement of the Executive Chairman of Émile Hermès SARL should be deemed a forced departure.</p> <p>The Supervisory Board accordingly considered that the deferred compensation undertaking made for the benefit of Mr Axel Dumas complied with the requirements of the Afep-Medef Corporate Governance Code.</p>
Non-competition payment	n/a	Mr Axel Dumas is not subject to any non-competition agreement, therefore no compensation is made in this category.
Supplementary pension plan	<p><i>With respect to Article 83:</i> No payment <i>With respect to Article 39:</i> No payment</p>	<p><i>Defined-contribution pension plan (Article 83 of the French General Tax Code (Code général des impôts))</i></p> <p>Mr Axel Dumas is eligible for the supplementary defined-contribution pension plan established for all employees of the Group’s French companies that have joined it (4 June 2013 decision by the Supervisory Board approved by the General Meeting of 3 June 2014 – fifth resolution “Approval of related-party agreements and commitments”).</p> <p>As with all employees of the Group:</p> <ul style="list-style-type: none"> ♦ the defined-contribution pension plan is financed as follows: 1.1% for the reference compensation for an amount of 1x the annual social security ceiling (PASS), 3.3% for the reference compensation between 1x and 2x PASS, and 5.5% on the reference compensation between 2x and 6x PASS. Reference compensation means the gross annual compensation in accordance with Article L. 242-1 of the French Social Security Code; ♦ these premiums are shared between the company (90.91%) and the beneficiary (9.09%); ♦ the employer premiums are deductible from the corporation tax base, subject to corporate social contributions at the rate of 20% and excluded from the base for social security contributions within the limit of the higher of the following two values: 5% of the PASS or 5% of the compensation retained within the limit of 5x PASS, i.e. €202,620 in 2019. <p>For information, if Mr Axel Dumas had been able to liquidate his retirement entitlements on 31 December 2019, the estimated maximum gross amount of annual pension under the defined-contribution pension plan would be €6,296.</p> <p><i>Defined-benefit pension plan (Article 39 of the French General Tax Code – Article L. 137-11 of the French Social Security Code (Code de la Sécurité sociale))</i></p> <p>Mr Axel Dumas is also eligible for the supplementary pension plan established in 1991 for Company Senior Executives (4 June 2013 decision by the Supervisory Board, approved by the General Meeting of 3 June 2014 – fifth resolution “Approval of related-party agreements and commitments”).</p> <p>This pension plan is financed by the company through a policy taken out with an external insurance firm.</p> <p>It is not limited solely to the Executive Chairmen but also encompasses a wider group of Senior Executives.</p>

**Elements of compensation
submitted to the vote**

Supplementary
pension plan

Each participant gradually acquires potential rights, calculated each year on the basis of his or her annual reference compensation, 2019 being the last year taken into account when calculating such rights (in application of order no. 2019-697 of 3 July 2019). These potential rights represent, depending on the seniority and for each year, a percentage of the reference compensation ranging between 0.9% and 1.5%. In accordance with the regulations, as Mr Axel Dumas has seniority exceeding 16 years, this percentage is set at 1.50%. It is in any event, below the legal limit of 3%.

The annual amount of this pension would correspond to this percentage of the average reference compensation over the last 36 months of employment, multiplied by the number of years or fractions of years, up to and including 31 December 2019.

In application of the plan, two ceilings are applied to the final annual pension amount:

- ♦ the annual pension amount is capped at 8 x PASS i.e. €324,192 in 2019;
- ♦ the sum of (i) pensions accrued in respect of statutory and collective agreement plans (excluding increases for children raised) including rights accrued in overseas pension plans, pensions resulting from any supplementary plan that may be put in place within Groupe Hermès and (ii) the amount of the top-up pension resulting from the regulations is capped at 70% of the last reference compensation.

Mr Axel Dumas was eligible for this plan in respect of 2019.

Subject to satisfying the conditions of the plan at the time of liquidation of his or her pension, in particular, the beneficiary ending his or her career in the Company after at least 10 years' seniority and the liquidation of the retirement pension as per the basic Social Security pension regime, and any statutory changes that may occur, the potential pension rights calculated for Mr Axel Dumas at 31 December 2019, would be €65,979 (based on reference compensation of €2,593,536 in 2019).

For information, the maximum amount of the future pension indicated above, limited by the plan's regulations to eight times the annual Social Security limit, compared with the compensation for the 2019 financial year of the natural person Executive Chairman would represent a replacement rate (excluding mandatory plans) of 9.53%.

The following income tax and social security charges are currently applicable to the plan: with regard to social security contributions, using an irrevocable option, the Company has chosen to apply the fixed contribution set out in Article L. 137-11 of the French Social Security Code (*Code de la sécurité sociale*) concerning the premiums paid to the external insurance firm at the rate of 24%. The beneficiary must pay – as for all replacement income – CSG (social security tax) and CRDS (social security debt repayment tax), in addition to healthcare contributions and an additional solidarity contribution for autonomy (CASA) on the amount of the pension. In the specific case of pensions resulting from defined-benefit pension plans, the beneficiary of the pension must also pay a social security contribution, at a rate that varies depending on the amount of the pension and its liquidation date;

with regard to taxation, the premiums paid to the external insurance firm may be deducted from the tax base for corporation tax.

Compensation paid or n/a
awarded by a
company falling within
the scope of
consolidation

The principle of such compensation is not provided for.

Valuation of benefits €40
of any kind

Mr Axel Dumas is eligible for a representation policy constituting his only benefit in kind. Mr Axel Dumas benefits from the mandatory collective healthcare plan implemented by the Group for the benefit of all staff of French entities that have joined this plan (decision made by the Supervisory Board on 19 March 2014).

Elements of compensation submitted to the vote

Death and disability plan

Mr Axel Dumas is eligible for the mandatory collective death and disability plan established by the Group for the benefit of all staff (AGIRC affiliated) of French entities that have joined this plan (decision taken by the Supervisory Board on 19 March 2014).

It provides, as is the case for all employees, the following gross lifetime benefits:

- ◆ a disability pension at 51% of reference compensation in case of Category 1 disability and 85% of reference compensation in case of Category 2 or 3 disability. The reference compensation (gross annual compensation) is limited to 8x the annual social security ceiling. The payment of the disability pension is discontinued when the recipient in question is no longer categorised as having the disability or permanent impairment and, at the latest, on the day of the normal or early liquidation of an old age insurance pension from a mandatory retirement plan, for any reason whatsoever;
- ◆ a death benefit equal to a maximum of 380% of the reference compensation, capped at eight x PASS, depending on the family situation;
- ◆ contributions paid to the insurer are split between the Company (1.54% for tranche A, and 1.64% for tranches B and C) and the beneficiary (1.06% for tranche A and 1.16% for tranches B and C);
- ◆ these contributions are deductible from the corporation tax base, subject to corporate social contributions at the rate of 8%, and excluded from the base for social security contributions, within the limit of an amount equal to the sum of 6% of PASS and 1.5% of compensation retained within the limit of 12x PASS.

Elements of compensation submitted to the vote	Amount awarded in 2020 in respect of 2019 in euros	Presentation
Annual gross variable compensation awarded in 2020 in respect of 2019 (or “statutory” compensation in accordance with the Articles of Association) whose payment is contingent on approval of the General Meeting of 24 April 2020	<p>The Executive Chairmen have decided to forego notably the increase in their variable compensation awarded in 2020 in respect of 2019, and will therefore receive in 2020 an amount identical to that received in 2019.</p> <p>€1,956,269 (amount awarded) reduced to €1,780,045 (effective amount after waiver) of which 10% for achieving the CSR criterion</p>	<p>The gross annual statutory compensation of each Executive Chairman for a given financial year, shall not be more than 0.20% of the Company’s consolidated income before tax (€4,571,104 for 2020) for the previous financial year.</p> <p>Within the limits defined herein, the Executive Management Board of Émile Hermès SARL, Active Partner, sets the effective amount of the annual statutory compensation payable to each Executive Chairman, which from 2020 onwards is subject to the deliberation of the Supervisory Board. Thus, no minimum statutory compensation is guaranteed for the Executive Chairmen.</p> <p>A portion of the variable compensation is submitted to a new “CSR” criterion representing the Group’s firm and ongoing commitments to sustainable development.</p> <p>This criterion is applied to 10% of the target variable compensation.</p> <p>The indicators relating to the CSR criterion relate to the following:</p> <ul style="list-style-type: none"> ◆ decoupling between business growth at constant scope and exchange rates and the evolution of industrial energy consumption (quantifiable environmental criterion); ◆ actions implemented in favour of the territorial anchoring of the group in France and throughout the world, excluding major cities (qualitative societal criterion); ◆ Group initiatives in favour of gender balance (qualitative social criterion). <p>Achievement of these indices was assessed by the CAG-CSR Committee at its meeting of 9 January 2020. Further details regarding this assessment are set out page 44 of the notice of meeting).</p> <p>The gross annual variable compensation of Mr Axel Dumas awarded in 2020 in respect of 2019 was determined by the Executive Management Board on 24 February 2020 and was subject to the deliberation of the Supervisory Board at its meeting of 25 February 2020.</p>

Elements of compensation submitted to the vote	Amount paid during the financial year 2019 or accounting valuation in euros	Presentation
7th and 9th resolutions (global and individual ex-post votes): Émile Hermès SARL		
		<p>In accordance with the new framework governing compensation of senior executives introduced by Order No. 2019-1234 of 27 November 2019, which comes into force for your Company as of the Combined General Meeting of 24 April 2020, these elements of compensation are subject to approval by the shareholders for the first time at said meeting, and as such have never been part of a compensation policy that is subject to an ex-ante vote by the shareholders.</p> <p>To the extent that the Executive Chairmen receive neither multi-year variable compensation nor deferred variable compensation, only the following elements are subject to a vote:</p> <ul style="list-style-type: none"> ♦ fixed compensation paid during the financial year 2019; ♦ variable compensation awarded in respect of the financial year 2018 paid during the financial year 2019; ♦ variable compensation awarded in respect of the financial year 2019 whose payment in 2020 is contingent on approval by shareholders; ♦ benefits of any kind. <p>All the compensation components set out below comply with the compensation policy for Executive Chairmen (see pages 33 to 40 of the notice of meeting).</p>
Gross annual fixed compensation (or “additional” compensation in accordance with the Articles of Association)	€551,850	<p>The General Meeting of 31 May 2001 decided to allocate to each Executive Chairman gross annual compensation, in addition to their statutory compensation, subject to a limit at the time of €457,347.05. This ceiling is indexed each year, in an upward direction only. Since 1 January 2002, this indexation is calculated according to the increase in the Company’s consolidated revenue for the previous financial year, at constant exchange rates and scope of consolidation, by comparison with revenue for the next to last financial year (€2,610,994 for 2019). Within the limits defined above, the Executive Management Board of Émile Hermès SARL, Active Partner, sets the effective amount of the annual additional compensation payable to each Executive Chairman, which is subject to the deliberation of the Supervisory Board.</p> <p>The fixed compensation paid in 2019 to the company Émile Hermès SARL was determined by the Executive Management Board on 19 March 2019.</p>
Annual gross variable compensation paid in 2019 in respect of 2018 (“statutory” compensation in accordance with the Articles of Association)	€830,083 (CSR criterion not applicable)	<p>The gross annual statutory compensation of each Executive Chairman for a given year, shall not be more than 0.20% of the Company’s consolidated income before tax (€4,159,330 for 2019) for the previous financial year.</p> <p>Within the limits defined herein, the Executive Management Board of Émile Hermès SARL, Active Partner, sets the effective amount of the annual statutory compensation payable to each Executive Chairman, which is subject to the deliberation of the Supervisory Board. Thus, no minimum statutory compensation is guaranteed for the Executive Chairmen.</p> <p>The gross annual variable compensation of Émile Hermès SARL allocated and paid in 2019 was determined by the Executive Management Board on 19 March 2019.</p>
Deferred variable compensation	n/a	The principle of the allocation of deferred variable compensation is not provided for.
Multi-year variable compensation	n/a	No multi-year compensation arrangement was implemented in 2019.
Exceptional compensation	n/a	The principle of such compensation is not provided for.
Share options, performance-based shares or any other element of long-term compensation (IFRS valuation at the allocation date)	Stock options: n/a Performance-based shares: n/a Other elements: n/a	No stock option or performance-based share plans benefiting the Executive Chairmen were implemented during or in respect of the 2019 financial year. Émile Hermès SARL, a legal entity, is not eligible for the stock option or performance-based share plans.
Compensation for assumption of duties	n/a	No such commitment exists.
Severance payment	n/a	No such commitment exists.
Non-competition payment	n/a	No such commitment exists.
Supplementary pension plan	n/a	Émile Hermès SARL, a legal entity, is not eligible for a supplementary pension plan.

Elements of compensation submitted to the vote	Amount paid during the financial year 2019 or accounting valuation in euros	Presentation
Compensation paid or awarded by a company falling within the scope of consolidation	n/a	The principle of such compensation is not provided for.
Valuation of benefits of any kind	n/a	Émile Hermès SARL does not receive benefits of any kind.
Death and disability plan	n/a	Émile Hermès SARL, a legal entity, is not eligible for a death and disability plan.

Elements of compensation submitted to the vote	Amount awarded in 2020 in respect of 2019 in euros	Presentation
Gross annual variable compensation awarded in 2020 for 2019 (or "statutory" compensation in accordance with the Articles of Association) the payment of which is contingent on the approval of the General Meeting of 24 April 2020	The Executive Chairmen have decided to forego notably the increase in their variable compensation awarded in 2020 in respect of 2019, and will therefore receive in 2020 an amount identical to that received in 2019. €912,261 (amount awarded) reduced to €830.083 (effective amount after waiver) of which (10%) for achieving the CSR criterion	<p>The gross annual statutory compensation of each Executive Chairman for a given year shall not be more than 0.20% of the Company's consolidated income before tax (€4,571,104 for 2020) for the previous financial year.</p> <p>Within the limits defined herein, the Executive Management Board of Émile Hermès SARL, Active Partner, sets the effective amount of the annual statutory compensation payable to each Executive Chairman, which from 2020 onwards is subject to the deliberation of the Supervisory Board. Thus, no minimum statutory compensation is guaranteed for the Executive Chairmen.</p> <p>A portion of the variable compensation is submitted to a new "CSR" criterion representing the Group's firm and ongoing commitments to sustainable development.</p> <p>This criterion is applied to 10% of the target variable compensation.</p> <p>The indicators relating to the CSR criterion relate to the following:</p> <ul style="list-style-type: none"> ◆ decoupling between business growth at constant scope and exchange rates and the evolution of industrial energy consumption (quantifiable environmental criterion); ◆ actions implemented in favour of the local integration of the Group in France and throughout the world, excluding major cities (qualitative societal criterion); and ◆ Group initiatives in favour of gender balance (qualitative social criterion). <p>Achievement of these indices was assessed by the CAG-CSR Committee at its meeting of 9 January 2020. Further details regarding this assessment are set out page 44 of the notice of meeting).</p> <p>The gross annual variable compensation of Émile Hermès SARL allocated in 2020 was determined by the Executive Management Board on 24 February 2020 and was subject to the deliberation of the Supervisory Board at its meeting of 25 February 2020.</p>

n/a: not applicable.

Chairman of the Supervisory Board

Elements of compensation submitted to the vote	Amount paid during the financial year 2019 or accounting valuation in euros	Presentation
7th and 10th resolutions (global and individual ex-post votes): Mr Éric de Seynes		
		In accordance with the new framework governing compensation of senior executives introduced by Order No. 2019-1234 of 27 November 2019, which comes into force for your Company as of the Combined General Meeting of 24 April 2020, this compensation is subject to approval by the shareholders for the first time at said meeting, and as such has never been part of a compensation policy that is subject to an <i>ex-ante</i> vote by the shareholders. The compensation components set out below comply with the compensation policy for members of the Supervisory Board (see pages 33 to 35 and 41 to 43 of the notice of meeting).
Gross annual fixed compensation	€140,000	The Chairman of the Supervisory Board is entitled to fixed annual compensation of €140,000. This is deducted from the total amount of compensation awarded to the Supervisory Board by the General Meeting. He is not entitled to any variable compensation as he attends all Supervisory Board meetings.
Gross annual variable compensation	n/a	The principle of such compensation for the Chairman is not provided for.
Other elements of compensation	n/a	No other form of compensation is provided for.
Other commitments	n/a	No such commitments exist.
Elements of compensation submitted to the vote	Amount awarded in 2020 in respect of 2019 in euros	Presentation
None	None	None

n/a: not applicable.

Other members of the Supervisory Board

Elements of compensation submitted to the vote	Amount paid during the financial year 2019 or accounting valuation in euros	Presentation
7th resolution (global ex-post vote): Members of the Supervisory Board (excluding the Chairman)		
		In accordance with the new framework governing compensation of senior executives introduced by Order No. 2019-1234 of 27 November 2019, which comes into force for your Company as of the Combined General Meeting of 24 April 2020, these elements of compensation are subject to approval by the shareholders for the first time at said meeting, and as such have never been part of a compensation policy that is subject to an <i>ex-ante</i> vote by the shareholders. Supervisory Board members receive compensation in a total amount that is approved by the General Meeting and that is apportioned by the Supervisory Board. Compensation paid to members of the Audit and Risk Committee and the CAG-CSR Committee is deducted from the total amount of compensation of Supervisory Board members. The General Meeting of 6 June 2017 set the maximum annual amount of compensation allocated to the Supervisory Board and its Committees at €600,000. The compensation components set out below comply with the compensation policy for members of the Supervisory Board (see pages 33 to 35 and 41 to 43 of the notice of meeting).
Compensation of Board members (formerly termed "directors' fees")	See "Tables on the compensation received by Supervisory Board members" on pages 49 and 50 of the notice of meeting.	See the allocation principles set out page 42 of the notice of meeting.
Gross annual variable compensation as a Board member (formerly termed "directors' fees") paid in 2019 in respect of 2018 attendance	See "Tables on the compensation received by Supervisory Board members" on pages 49 and 50 of the notice of meeting.	See the allocation principles set out page 42 of the notice of meeting.
Other elements of compensation	n/a	No other form of compensation is provided for.
Other commitments	n/a	No such commitments exist.

n/a: not applicable.

Elements of compensation submitted to the vote	Amount awarded in 2020 in respect of 2019 in euros	Presentation
Gross annual variable compensation as a Board member (formerly termed “directors’ fees”) paid in 2020 in respect of 2019 attendance	See “Tables on the compensation received by Supervisory Board members” on pages 49 and 50 of the notice of meeting.	See the allocation principles set out page 42 of the notice of meeting.

Seventh resolution:**Approval of total compensation and benefits of all kinds paid during or awarded in respect of the financial year ended 31 December 2019 to the Corporate Officers (global ex-post vote)**

The General Meeting, acting under the quorum and majority requirements for Ordinary General Meetings, pursuant to Article L. 226-8-2 I of the French Commercial Code (*Code de commerce*), approves the total compensation and benefits of all kinds paid during or awarded in respect of the financial year ended 31 December 2019 to the Corporate Officers, as presented in the purpose of draft resolutions.

The General Meeting acknowledges that the Executive Chairmen have decided to forego the increases in their gross annual fixed compensation paid in 2020 and their gross annual variable compensation awarded in 2020 in respect of 2019, and will therefore receive in 2020 a total compensation identical to that received in 2019.

Eighth resolution:**Approval of total compensation and benefits of all kinds paid during or awarded in respect of the financial year ended 31 December 2019 to Mr Axel Dumas, Executive Chairman (individual ex-post vote)**

The General Meeting, acting under the quorum and majority requirements for Ordinary General Meetings, in line with the provisions of Article L. 226-8-2, II of the French Commercial Code (*Code de commerce*), approves the total compensation and benefits of all kinds paid during or awarded in respect of the financial year ended 31 December 2019 to Mr Axel Dumas, Executive Chairman, as presented in the purpose of draft resolutions.

The General Meeting acknowledges that the Executive Chairmen have decided to forego the increases in their gross annual fixed compensation paid in 2020 and their gross annual variable compensation awarded in 2020 in respect of 2019, and will therefore receive in 2020 a total compensation identical to that received in 2019.

Ninth resolution:**Approval of total compensation and benefits of all kinds paid during or awarded in respect of the financial year ended 31 December 2019 to the Émile Hermès SARL company, Executive Chairman (individual ex-post vote)**

The General Meeting, acting under the quorum and majority requirements for Ordinary General Meetings, in line with the provisions of Article L. 226-8-2, II of the French Commercial Code (*Code de commerce*), approves the total compensation and benefits of all kinds paid during or awarded in respect of the financial year ended 31 December 2019 to Émile Hermès SARL, Executive Chairman, as presented in the purpose of draft resolutions.

The General Meeting acknowledges that the Executive Chairmen have decided to forego the increases in their gross annual fixed compensation paid in 2020 and their gross annual variable compensation awarded in 2020 in respect of 2019, and will therefore receive in 2020 a total compensation identical to that received in 2019.

Tenth resolution:**Approval of total compensation and benefits of all kinds paid during or awarded in respect of the financial year ended 31 December 2019 to Mr Éric de Seynes, Chairman of the Supervisory Board (individual ex-post vote)**

The General Meeting, acting under the quorum and majority requirements for Ordinary General Meetings, in line with the provisions of Article L. 226-8-2, II of the French Commercial Code (*Code de commerce*), approves the total compensation and benefits of all kinds paid during or awarded in respect of the financial year ended 31 December 2019 to Mr Éric de Seynes, Chairman of the Supervisory Board, as presented in the purpose of draft resolutions.